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National Guilds League, London

NATIONAL GUILDS
OR
WHITLEY COUNCILS?

Being a Reprint, with a New Introduction, of two Pamphlets on the Whitley Report.

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NATIONAL GUILDS OR WHITLEY COUNCILS?

Being a Reprint, with a New Introduction, of two Pamphlets, entitled :—"Observations on the Whitley Report," and "Notes for Trade Unionists on the Whitley Report."

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Objects of the Whitley Committee.

(1) To make and consider suggestions for securing a permanent improvement in the relations between Employers and Workmen.

(2) To recommend means for securing that industrial conditions affecting the relations between Employers and Workmen shall be systematically reviewed by those concerned with a view to improving conditions in the future.

Objects of the National Guilds League.

The abolition of the wage system and the establishment by the workers of self-government in industry through a democratic system of National Guilds working in conjunction with a democratic State.

OBSERVATIONS AND NOTES ON THE WHITLEY REPORT.

FOREWORD.

WE are issuing this reprint of our "Observations" and "Notes" on the Whitley Report, because we believe that there is still need for the warning which they contain. The first flood of eulogy of "Whitleyism" has subsided, but there is still a steady stream of propaganda in support of Industrial Councils and of the policy which underlies them. If the Councils themselves have not come into being so rapidly as the Government desired, they are, nevertheless, being formed, and schemes for fresh industries are constantly being drafted.

The whole trend of events during the past months has served to confirm our conclusions and to justify our warnings.

We urged that, especially in the industries in which Labour was not strongly and homogeneously organised, the formation of Joint Industrial Councils could not be entertained without grave danger. It is precisely in ill-organised, heterogeneous and small subsidiary industries that they are being formed. The beginning was in the Pottery Trade, where non-unionism is still very prevalent, and the list of established or projected councils included such "industries" as Matchmaking, Bobbin Manufacture, and Roller Engraving. It is also noticeable that there is to be a Council for Building and another Council for Painting and Varnishing, a move which can only serve to stress and perpetuate craft divisions.

We pointed out that, from our point of view, Government-owned industries were the sphere in which Whitley Councils offered most advantage and least danger. Significantly the Government refused to apply their own policy to their own employees. They proposed an alternative scheme for the Dockyards which was so preposterous that it was withdrawn amid ridicule; and only under strong pressure have they consented to set up a committee to inquire into the application of Whitley Councils *with modifications* to Government employees, including the Post Office and the Civil Service.

We showed how, if Whitley Councils are not to run counter to all democratic tendencies, it is essential to start from below with Works Committees, and to build up from them to the National Councils. As if to confirm our fears, we find the Minister of Labour declaring to a meeting of employers that : " The proper way to approach this scheme was from the top—the Industrial Council idea had its conception in a national body—then passing down to the district committee and the works committee."

But most important of all is the confirmation afforded by the Rules of the Councils already formed to our contention that all the talk about Whitley Councils being an instalment of control and a step towards National Guilds was merely dust thrown in the workers' eyes; and that, in fact, the Councils have nothing in the world to do with control, even with so-called joint control.

For from the list of " objects " in the published rules there has disappeared with a wonderful unanimity that clause of the original report which says it should be one purpose of Industrial Councils " to secure to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on." There is one exception, the draft rules for the Woollen Trade, and in that one case the phrase of the Committee has been deprived of all meaning by the addition of the words " in so far as their material interests are concerned."

Nor have the employers been satisfied with thus reducing the Councils to mere conciliation boards, with vague interests in such matters as invention and research and technical institutions. They have also contrived in some cases to work in among the " objects " proposals for securing maximisation of output. In the case of Pottery and Gold and Silver they have actually committed the Councils to " assisting the respective associations in the maintenance of such selling prices as will afford a reasonable remuneration to both employers and employed "—a bare-faced attempt to secure the co-operation of labour in the establishment of trusts and the exploitation of the consumer.

The connection between trusts and tariffs is very intimate, and it is, therefore, not surprising to find Mr. G. H. Roberts giving, at a dinner to the Whitehead Aircraft Company, a broad hint that the Councils might be used for the furtherance of Protectionist plans. ". . . for the first time," he remarked, in carefully discreet terms, " fiscal questions, which had hitherto been obscured by party feeling, would be considered on their merits."

In short, during the year that has elapsed, the gilt has been slowly rubbed off the gingerbread. To-day it is clear that, as we prophesied, the Whitley Councils go no way at all to satisfy the demands of Labour; and they are only what Mr. Bevin has called "glorified conciliation boards" and that the employers are endeavouring to make them, in addition to this, machines for the furtherance of anti-social ends: for the entanglement of Labour and the establishment of a trustified and consolidated capitalism.

Of the Second and Third Whitley Reports, little need be said here. The second, in contradiction to the opinion expressed in the first, proposes the application of National Councils to semi-organised trades, a proposal to which all our criticisms apply with double force. It also deals with the erection of Trade Boards in practically unorganised trades; it makes no pretence of touching upon the problems of control and the democratisation of industry, and therefore does not in this connection concern us. The third report merely amplifies, without clarifying, the suggestions made in the first for the constitution of Works Committees. Nor need we do more than mention the Joint Memorandum issued by the Ministers of Labour and Reconstruction. Its purpose was to make clear the distinction between Trade Boards and Industrial Councils, and to define more specifically the characters of the Councils themselves; State action was to be advisory, and the Councils were to function without State interference. The final report is noteworthy because of the statement, attached by a minority of the Commissioners, emphasising the impossibility of bridging the gulf between employers and employed so long as the system of production for private profit continues to exist.

Everything that has passed has thus tended to confirm us in our fundamental opposition to all the plans and tendencies implicit in Whitleyism, and we are supported in this view by the attitude of some of the most powerful and best organised unions. The acceptance of the Whitley proposals has, indeed, been on the whole lukewarm, or even hostile. The Parliamentary Committee of the Trade Union Congress, while it expressed its general approval of the scheme, made it plain that this approval was dependent on their strictly voluntary character, and the discussion and division at the Trades Union Congress revealed the existence of a strong minority definitely hostile. The Cotton Unions have so far given it a cold welcome. The Engineering and Shipbuilding Trades Federation has indefinitely postponed consideration of it. The National Union of Railwaymen, at its delegate meeting, resolved "That this Congress, while recognising the necessity of machinery to enable the employers and employed to deal

with matters other than hours and wages, declares that the scheme laid down in the Whitley Report does not sufficiently safeguard the interests of Labour, and instructs the Executive Committee to secure machinery of negotiation such as will provide complete recognition of the National Union of Railwaymen on all matters arising between members and their employers."

Very outspoken, too, is the instruction to members issued by the London District Committee of the Amalgamated Society of Engineers. After warning all shop stewards and branches in the district not to take part in the formation or working of any Committee built upon the basis of the Whitley Report, it declared its reason to be that "the fundamental antagonism of interest between employer and employed offers an insuperable barrier to any joint control of industry, and that the next step to control by the workers is the creation of a strong, co-ordinated, class-conscious movement in the workshop."

That, as the following pages show, is in accord with our own attitude. For the consideration of Trade Unionists we therefore offer these reports in the belief that they may still be of some service.

August, 1918.

OBSERVATIONS ON THE WHITLEY REPORT.

To The Trade Union Movement.

Sirs,

We have the honour to submit to you the following observations upon the Interim Report of the Reconstruction Committee on Joint Standing Industrial Councils.

2. We are the more encouraged to do this because the proposals contained in the Report have been freely connected, in the Press and elsewhere, with the propaganda conducted by the National Guilds League, and because we feel that so flagrant a misunderstanding of our principles and objects demands an immediate answer.

3. The terms of reference upon which the Reconstruction Committee based its Report were :—

> (1) To make and consider suggestions for securing a permanent improvement in the relations between employers and workmen.
>
> (2) To recommend means for securing that industrial conditions affecting the relations between employers and workmen shall be systematically reviewed by those concerned, with a view to improving conditions in the future.

4. The objects of the National Guilds League, as defined in its constitution, are :

> The abolition of the wage-system, and the establishment by the Workers of self-government in industry through a system of National Guilds working in conjunction with a democratic State.

5. It must, then, be clear that no Report which sets out to secure " a permanent improvement in the relations between employers and workmen " can be consistent with the first principles of National Guilds. We seek, not " a permanent improvement in relations," but the abolition of the wage-system and of a master-class.

6. We therefore approach the problem, as we hope that you will approach it, from a standpoint altogether different from that of the Reconstruction Committee,

and, in commenting and passing judgment upon the recommendations contained in the Report, we do so entirely from our own standpoint. We shall therefore consider, not whether the proposals made would help to solve the problems set out in the terms of reference, but whether they would strengthen or weaken the Trade Union movement, whether they would facilitate or hinder the assumption by organised Labour of control over industry, and whether they would further or retard the overthrow of capitalism and the wage-system.

7. The sentiments expressed in the Report are sentiments with which we have nothing in common, and we recognise at the outset that if the recommendations are carried out in the spirit in which they appear to be made, their effect on Trade Unionism cannot be other than disastrous.

8. Sentiments, however, are only sentiments, and it is rather to the practical proposals made in the Report that attention should be directed. The Report proposes the setting up of certain machinery for negotiation and co-operation between employers and employed. We have to ask whether Trade Unionists ought to welcome or to oppose the creation of this machinery.

9. The purpose of these proposals appears to be twofold :

(*a*) Firstly, they seek to establish an improved machinery of conciliation, by which it is hoped to prevent trade disputes from developing into strikes, or at any rate to render strikes less frequent.

(*b*) Secondly, they are an attempt to meet the steadily growing demand of organised Labour for a share in the control of industry.

10. With regard to control, we would first point out that, while the Report pays lip-service to the control-idea by speaking of " means for securing to the workpeople a greater share in, and responsibility for, the determination and observance of the conditions under which their work is carried on," it does nothing whatever to provide, or even definitely to suggest, any such means. All that it does is to suggest that this may be a subject for consideration by the proposed Industrial Councils. So far from providing for an instalment of control, it only expresses the opinion that this may be matter for negotiation between employers and Trade Unions.

11. But it should be noted that, although no explicit suggestions are made, it is perhaps possible to read between the lines of the Report the idea that the Industrial Council

machinery might not only be used for the discussion of schemes of control, but might itself be the apparatus through which Labour should secure and exercise a measure of control.

12. That is to say, that, in so far as the Report has any bearing on the demand for control, its bias appears to be definitely in favour of "joint control" exercised primarily by National Councils representing the whole of each industry.

13. The growing movement of the working class towards the winning of control over industry is, on the other hand, essentially a rank and file workshop movement; and its immediate demand is for the granting of exclusive control over workshop matters to the rank and file in the workshop. This demand the Report entirely, and scarcely by accident, ignores; it concerns itself throughout with the operation of joint bodies of employers and workers.

14. We want, therefore, to point out and to emphasise the fact that no scheme of so-called "joint control" can meet the demand of the workers; and that no such scheme can give, in any way, or under any circumstances, any real control. Labour cannot secure the control of industrial affairs through the agency of a composite body.

15. For such a body must necessarily work in one of two ways:

(*a*) Either the Labour side of it will preserve an attitude of complete independence, will regard itself as in fundamental antagonism to the employers on all questions regarding the status and condition of the workers, and will conduct its business as one of negotiation, not as one of administration.

(*b*) Or the Labour representation may capitulate, accept the permanent overlordship of capital, and devote itself only to securing the smooth working of the industry in accordance with the desires of the masters.

We hope that this second alternative is as unthinkable as that the employers should capitulate and accept the dominance of Labour.

16. But leaving such possibilities aside, it is clear that the joint councils and joint committees must on all points—on questions of wages, of hours, of discipline, of status—be composed of two sides with opposite interests and opposite aims. Those two sides may negotiate; they may bargain; they may compromise. But they cannot, from the very fact of their inherent antagonism, *control* jointly. The very first essential of a controlling body is that its members shall have—not, indeed, identical views—but a certain community of purpose, and a certain identity of point of view.

17. Therefore, if the control of industry is in any measure and in any real sense to pass to Labour, it must be, not by any impossible endeavour to co-operate with employers on joint bodies, but by the transference of powers absolutely to bodies exclusively representative of Labour.

18. The right and only path to such control is for Labour to demand and secure exclusive control, first within the sphere of the workshop, and then increasingly over a wider and wider domain. It is a right instinct which is leading Labour to demand such a step as a first instalment of control. And attempts to satisfy this demand by the giving of a measure of so-called " joint control " exercised by employers and Trade Union leaders at the top, can only be regarded as designed to frustrate the movement towards a real measure of exclusive control.

19. Since, then, the Report does nothing, either in its proposals or their implications, to help the movement towards exclusive control; and since its whole tendency is to support the counter-movement towards an illusory system of " joint control," it is clear to us that it is in no real sense a step towards control, and that, in so far as it has been so described or regarded, this has been due either to a misunderstanding of its nature, or to a deliberate desire to persuade the workers into a false belief that something is being done to meet their demands.

20. We now turn to consider the proposals of the Report, not in their relation to the demand for control, but in their aspect as a device for facilitating discussion and negotiation between employers and employed.

While we set out, not to improve relations between employers and workmen, but to make the whole relationship between them impossible, we recognise that, so long as the relationship exists, they can profitably, and indeed must, discuss and endeavour to agree temporarily upon various matters. We believe, however, that such discussions and agreements are merely expressions of the economic power of the parties, and rest, not upon good relations but upon a fundamental antagonism.

21. There are among us many who hold that, even so, Labour should not enter into any standing joint council with a body of employers, but that it should only negotiate from time to time as occasion arises; and that all meetings for negotiation should be, even in form and name, not an assembly of one, but a meeting of two bodies.

22. Even those of us who do not hold this view in its entirety are agreed that there are considerable dangers in the regular assembly of representatives of both sides as members of a single council; and that such dangers can only be averted if certain conditions are observed.

23. Most important of all these is the attitude—the frame of mind—with which the representatives of Labour enter the councils. It is vitally important that they should maintain a complete independence, that they should feel themselves to be delegates negotiating, not administrators co-operating, with the employers; and that they should use their position in the councils, not in order to improve relations between employers and employed, nor even to increase the efficiency of industry, but solely in order to press vigorously the movement towards securing for Labour control over production and industry generally, with a view to the progressive elimination of the employing class.

In view of what has happened during the war, we cannot speak as confidently as we should wish to speak of the chances that Trade Unionists will make the right use of the suggested machinery. There are undoubtedly many, especially among the leaders of Trade Unionism, who will welcome every opportunity of improving the relations of employers and workmen, and of acquiescing in the continuance of the wage-system in return for paltry and often illusory material concessions.

24. The danger of this will be greatest if the suggested Local and Works Councils are made mere adjuncts to the National Industrial Councils, so that the main power passes into the hands of the national leaders. Indeed, one of our most fundamental criticisms of the whole scheme is that it begins at the top with an endeavour to secure the discussion and settlement of questions on a national scale, instead of beginning at the bottom in the workshop and building up therefrom on a democratic basis.

25. The first condition, then, of the acceptance by Labour of the establishment of any machinery for continuous negotiation between employers and employed should be that the first seat of authority should be the workshop, and that any national machinery should be built upon a workshop basis.

26. A second condition should be that the Trade Unions should be completely recognised at every stage, both nationally, locally, and in the workshops.

The Report does not provide for this.

It lays down that "the Councils should be composed only of representatives of Trade Unions and Employers'

Associations," and that the District Councils should be " representative of the Trade Unions and of the Employers' Association."

But, with a presumably intentional change of wording, it proposes that the Works Committees should be " representative of the management and *of the workers employed,*" thus providing for the representation of non-unionists on an equal basis with unionists.

27. A third condition should be that there should be no attempt to tie Labour down with restrictive conditions or obligations, to impose arbitration, or in any way to hamper the right to strike; and that there should be no endeavour to give to the decisions of any council the force of law or the sanction of the power of the State or to invoke the intervention of the State for the settlement of disputes.

In our view the proper industrial function of the State is to nationalise industries, and thereafter to entrust their management to the Trade Unions. It is not that of intervening as a third party to adjust the relations between employers and workmen. For the State, being to-day the representative of the propertied class, will inevitably favour the preservation of the *status quo* which we desire to upset.

28. Fourthly, we hold strongly, that no Joint Council can work except to the disadvantage of Labour, unless all the workers engaged in the industry concerned, or a commanding proportion of them, are enrolled in a single Union, including all grades, both skilled and unskilled. Only a solid and homogeneous industrial organisation can enter safely into continuous relationship with a solid organisation of employers. Industrial Unionism, we believe, is an essential preliminary to the establishment of any such relationship.

29. Even if all these conditions are satisfied, it is by no means clear that the acceptance of the type of machinery suggested would secure for Labour any advantages it cannot secure by means of the machinery now existing. And there would further remain, in each individual industry, a host of special conditions that would have to be realised before Labour should agree to the establishment of Industrial Councils.

30. If Labour were to accept the scheme of the Report in the spirit and under the conditions which we have sketched, we do not anticipate that the effect of the work of the Councils would be to cause strikes to become less important. Improved machinery for negotiation might, indeed, prevent many disputes which now occur; but it is our hope and belief

that this would result in stimulating new disputes on more vital issues, and would enable Labour, instead of wasting its strength on petty quarrels, to strike for the things that really matter.

31. Finally, we would repeat that the National Guilds League cannot too strongly impress upon Trade Unionists the difference between its own proposals and those of the Reconstruction Committee's Report. The Report assumes that the problem of granting to " workpeople " an increased control over the conditions of their working lives is a problem of machinery, to be settled by the benevolent granting of a " constitution " to industry. The National Guilds League, on the other hand, assumes that Labour will only secure control by so consolidating its economic power as to be able to wrest control from the present possessors.

32. We therefore entreat Trade Unionists, while giving the suggestions made in the Report their careful consideration, not to be led aside for one moment from the vital task of so organising Labour that it may be able to take the offensive against capitalism on the first opportunity.

33. We further emphasise our belief that what will count most in the winning of control in the immediate future will be the building up of a strong and co-ordinated rank and file movement in the workshops and industries with a view to the creation of an awakened and class-conscious Industrial Unionist movement. On this object, and not on the Reports of Government Committees, must the best attention of the Trade Union movement be concentrated if we are to move in the direction of that real control of industry by the producers, acting in conjunction with the State, which it is the object of the National Guilds League to secure.

NOTES FOR TRADE UNIONISTS ON THE WHITLEY REPORT.

Published in connection with the adoption by the War Cabinet of the Proposals of the Reconstruction Committee on Joint Standing Industrial Councils.

1. The object of the foregoing observations was that of setting in a clear light the fundamental difference between the principles on which the Whitley Report is avowedly based and those which form the basis of National Guilds. We have now the honour to submit to you certain further observations, both with a view to defining more clearly the attitude which we hope the Trade Union movement will adopt towards the Whitley Report, and with a view to the formulation of a constructive policy directed towards the securing of a democratic industrial system.

2. The Trade Union official and the rank-and-file Trade Unionist are alike considering what should be their policy when they are confronted with the suggestion that an Industrial Council should be established for their industry. We have indicated already the negative conditions; and unless all the safeguards upon which we have insisted are fully secured, our emphatic advice to Trade Unionists is that they should proceed no further.

3. There are, however, certain considerations which take precedence even of these safeguards. The first things to which the Trade Unionist must look are the strength and solidarity of his own organisation, and we are convinced that complete unity of policy is, in this connection, as vital as numerical strength.

4. (*a*) An Industrial Union, including all or the great majority of workers in an industry, can without danger accept machinery which would be highly dangerous to an industry in which no such Union exists.

(*b*) An effective combination of Craft Unions, not overlapping one another, but catering each for a separate section or department of an industry, can in some cases accept joint machinery, not so securely as an Industrial Union, but without serious danger.

(*c*) Trade Unions in industries in which there is serious overlapping, competition, rivalry, or disagreement of policy between important Unions, should not have anything to do with Joint Standing Industrial Councils.

5. This is so because, unless complete solidarity exists among all sections of workers in an industry, an Industrial Council will merely increase the employers' opportunities to play off one section against another.

6. The first condition, then, of the acceptance of any Industrial Council is complete and effective industrial combination of all the workers concerned. Where this does not at present exist the Trade Unions should set about creating such combination, and should not commit themselves to the formation of an Industrial Council until success has been achieved. Meanwhile, they must rest content with industrial action and the development and improvement of existing methods of collective bargaining.

7. It may, however, be possible to secure effective industrial combination locally, or in a particular factory or workshop, before it can be secured nationally. In such cases, under the necessary safeguards, a local or works council may be acceptable when a National Council would be disastrous to Labour.

8. These suggestions will be more helpful if we endeavour to apply them to certain typical industries.

(*a*) In the *mining* industry, the Miners' Federation of Great Britain, whilst it does not include everybody, is an effective industrial combination in the sense in which we use the term. The same can be said, though less definitely, of the National Union of Railwaymen for the *railway transport* industry, and of the Iron and Steel Trades Confederation for the industry of *metal manufacture.*

(*b*) In the *cotton, woollen, printing,* and *building* industries the Craft Unions do not, as a rule, appreciably overlap, and effective Federations either now exist or could be called into existence immediately with a view to complete amalgamation at the earliest possible moment. If effective Federations existed, these industries could without grave danger enter Industrial Councils, though the danger would still remain until complete amalgamation had been secured.

(*c*) In the *engineering* and *waterside transport* industries the competition, rivalry, and disagreement of policy between Unions are at present too intense to admit of the creation of any Industrial Council nationally, though in certain parts and in many engineering workshops, local and works councils could probably be brought into being.

9. The preceding paragraphs have taken into account only one aspect of the problem, and we do not wish to be understood as advocating the acceptance of the Whitley Report wherever the condition as to industrial solidarity is satisfied. There are many other considerations to be taken into account, and to these we must now proceed.

10. We stated in our previous " Observations " that any Joint Standing Industrial Council which we could regard as acceptable must be based upon the principle, not of a fusion of interests between employers and employed, but of an absolute independence and solidarity of each party. The Joint Council must be not a single and harmonious body, but a meeting of two independent and self-subsistent bodies. This involves, as we have seen, that, where more than one Trade Union is concerned, there must be a Joint Standing Committee of the Trade Unions, meeting separately to prepare its agenda and decide upon its policy for the joint meeting, and presenting always a single and coherent policy in face of the organised employers.

11. We therefore suggest that, at any joint meeting, each side should have its Chairman and its Secretary, with the right to place upon the agenda for discussion any matter to which it may desire to draw attention. We further suggest that there should be no voting on the Councils, matters being decided by agreement between the two sides, as in other joint meetings of employers and Trade Unions.

12. We suggest, further, that all the objections which apply to compulsory arbitration in trade disputes—arguments with which you are already familiar—apply also to the presence on the Councils of any so-called " impartial " element, whether nominated by the State or in any other way. The Council must be strictly a joint meeting between the industrial organisations of employers and workers, and there must be no outside intervention of any kind. This applies especially to the suggestion that there should be an " outside " Chairman for each Council.

13. We do not enlarge upon the danger of Trade Unions entering into arrangements with employers, either for long-term agreements for the adjustment of conditions without recourse to the strike or lock-out, further than to state our view that long-term agreements are fatal to effective Trade Union action, and that the right to strike must at all costs be preserved in its entirety. These are matters of Trade Union policy which would carry us too far afield from the present proposal. We must, however, enter a warning against the possibility of anti-social joint arrangements between employers and Trade Unions for the

regulation of industry by tariffs, price agreements, and the like, at the expense of the public. With such arrangements we can confidently appeal to the Trade Union movement to have nothing to do.

14. Nor do we endorse the suggestion tentatively made in the Whitley Report, that the State, through representatives on the Council or by some other means, might prevent such anti-social arrangements. We cannot regard the State of to-day as a body likely to preserve the interests of the Community against anti-social action, and we fear that its association with the Councils would merely serve to introduce "impartial" compulsory arbitration in a veiled form. We are strongly opposed to the appearance of the State as a third party to any joint machinery of the type suggested.

15. We do not ignore the fact that the fundamental antagonism of the interests of employers and workmen does not prevent them from having in common certain *immediate* interests which are not anti-social in character. Such interests are concerned primarily with the prosperity of industry, especially in relation to technical education, the progress of invention, and the upkeep of a reserve of skilled labour in periods of slack trade. It is, however, easy to see that too great insistence upon these limited and immediate common interests may readily be used to obscure the fundamental antagonism, as well as to foster co-operation of an anti-social character to the detriment of the public.

16. While, therefore, we do not exclude co-operation between employers and Trade Unions in this limited sphere, we are emphatically of opinion that such co-operation requires to be most carefully limited and safeguarded. In no case should Labour co-operate unless the Trade Union is admitted to an equal share in the management of any joint organisation for technical training, invention, or research, and, should co-operation prove desirable in the matter of maintaining the unemployed or under-employed, the method should be that of an unconditional subsidy to Trade Union unemployment funds to be administered entirely by the Trade Unions themselves.

17. So far we have been speaking generally, and what we have said applies equally to national, local and works organisation. In our previous "Observations" we criticised the Whitley Report on the ground that its recommendations "begin at the top with an endeavour to secure the discussion and settlement of questions on a national basis, instead of beginning at the botton in the workshop, and building up therefrom on a democratic basis." We must now elaborate this criticism.

18. Our hopes of effective Trade Union action are based upon a reorganisation of Trade Union government. This, we believe, is most likely to be accomplished if the whole structure of Trade Union government is made to rest upon the natural unit of industry (mine, factory, workshop, railway centre, docks, etc.). Effective organisation, by Trade Union Works Committees and the like, in this sphere will, we believe, provide the best basis for a democratic Trade Union movement, both locally and nationally. We look, therefore, with hope to the growth of the rank-and-file movement, and we want to see the workshop organisations which it has created brought into constitutional relationship with Trade Unionism, and made the basis of Trade Union government in the future.

19. Trade Union Works Committees are, of course, entirely different from the Joint Works Councils contemplated in the Whitley Report. We desire to see Trade Union Works Committees created in every industry, and we desire for these Committees recognition by the employers, taking the form of workshop negotiation similar to the national and local negotiation contemplated above. The recognition of collective bargaining in the workshop seems to us to be a matter of the greatest possible importance, and we hope that all Trade Unions will press for the full and complete recognition of workshop or similar machinery.

20. Negotiation in the workshop should, then, assume much the same forms as national and local negotiation, and it follows that Workshop Committees should consist entirely of Trade Unionists, and should be brought into direct constitutional relationship with the Trade Union movement. Representation of non-unionists in the workshop, such as the Whitley Report seems by implication to contemplate, is both dangerous and inadmissible.

21. On these terms we believe that workshop negotiation will be of great benefit to the Trade Union movement, both as a check upon centralisation and bureaucracy, and as a training ground for Trade Unionists. It is necessary, of course, to restrict the sphere of workshop bargaining, so as to prevent any infringement of national or local custom or agreement, but within its sphere it is of great importance. We desire especially to promote collective bargaining in the workshops in those industries in which payment by results is at present adjusted on an individual basis to the detriment of the workers.

22. At the same time, we regard collective bargaining in the workshop as only a step towards a further development—the assumption of complete control over the workshop

by the Trade Union. Towards this object the main effort should for the present be directed. The Trade Unions should take out of the hands of the employer and transfer to the Trade Union Workshop Committees the appointment of foremen and the whole organisation of the workshop. This will, no doubt, be accomplished by a series of stages, of which the full establishment of collective bargaining is only the first. The substitution of a collective contract for the whole work of the shop in place of the present individual contracts with particular workmen may well be a further stage in the same process, which will take throughout the form of a collective substitution of the organised workers for the employer in the control and management of production.

23. Concerning the relative spheres of local and national negotiation, it is impossible to make any general statement because the conditions differ widely, from industry to industry. In general, we desire to see as much local freedom as is consistent with national solidarity and the maintenance and improvement of national standards.

24. We have stated clearly our view that the fundamental antagonism between employers and employed offers an insuperable barrier to any " joint control " of industry by them. The employers' motive of profit-making is fundamentally inconsistent with the Labour motive of communal service in a democratic society, based on emancipation from the wage system.

25. The position is not the same in services which are publicly owned and administered, whether by the State or by a local authority. Although these services are run at present mainly upon capitalist lines, we believe that to some extent joint administration by the State and the Trade Unions is possible even to-day as a transitional stage. In all publicly owned services, we therefore urge the Trade Unions to press at once for equal representation upon all bodies, local and national, which are at present in control of administration, or for the creation of administrative bodies upon which Labour is equally represented. We associate ourselves, for instance, with the demand for control put forward by employees in the Post Office.

26. Furthermore, we urge the Trade Unions in those industries which are ripe for public ownership (notably mines, railways, and all other transport services), not to seek " joint control " or Joint Standing Industrial Councils with the present employers, but to press for immediate and complete public ownership, coupled with the granting as an immediate measure of a joint administration with the State or other public body into whose hands the service passes.

27. The elimination of the private capitalist by these means would not bring into being a National Guild, but would pave the way for the creation by the Trade Unions of a system of National Guilds, working in conjunction with the State.

28. These proposals may seem to take us far from the Whitley Report, but Trade Unionists can only deal aright with the immediate situation confronting them if they have in their minds a wide and general conception of policy. Broadly stated, this policy must be a progressive invasion by the Trade Unions of the control of production, coupled with the progressive invasion by the State in the sphere of ownership. This involves, on the one hand, consolidation and development of Labour's industrial forces, and, on the other, transformation of the State by the economic power of Labour operating in the political sphere.

29. If these considerations of wider policy are kept clearly in mind, an attitude to the " Whitley " proposals flows logically from them. Joint machinery with the employers, it is seen, offers no alternative to progressive invasion of control and progressive assumption of exclusive control by Labour. Indeed, it is positively dangerous unless the complete freedom and independence of Trade Union action are fully safeguarded, and unless Labour is so organised as to present to the employer an absolutely solid front. Labour cannot, and must not, accept any joint machinery which might serve to standardise the wage system and to perpetuate the existing relationship between employers and employed. Its aim must be that of supplanting the employer altogether, and of assuming through its own organisations the complete control of industry in conjunction with the State.

30. Regarded purely as machinery for negotiation, Industrial Councils may be good or bad according to their constitution and to the character of Trade Union organisation in the industry concerned. Regarded as instruments of " joint control," they are merely attempts to sidetrack Labour in its struggle to supplant the capitalists. In either case we must reaffirm the view stated in our previous " Observations " that they not only are not an instalment of National Guilds, but are essentially different from National Guilds.

31. We have not been able herein to develop fully our constructive point of view. For that we must refer you to the other publications of the National Guilds League. As occasion arises, we shall issue further memoranda designed to present a critique of " reconstruction " proposals from the standpoint of industrial democracy.

THE
NATIONAL GUILDS LEAGUE,

17, Acacia Road, St. John's Wood, London, N.W. 8.
Secretary: W. Mellor. Treasurer: Mrs. Townshend.

Correspondence Secretary: Mrs. M. Ewer.

OBJECTS: The Abolition of the Wage System, and the establishment by the Workers of Self-Government in industry through a democratic system of National Guilds working in conjunction with a democratic State.

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